

We claim:

1. A method of identifying a compound that modulates hepatocyte growth or plasma cell differentiation or T cell subset activity comprising:
 - a) contacting hepatocytes or B cells or T cells deficient in XBP-1 with a test compound; and
 - b) determining the effect of the test compound on the growth of the hepatocytes or differentiation of the B cells into plasma cells or Th2 cytokine production by the T cells, the test compound being identified as a modulator of hepatocyte growth or plasma cell differentiation or T cell subset activity based on the ability of the test compound to modulate the growth of the hepatocytes or differentiation of the B cells or Th2 cytokine production by the T cells deficient in XBP-1.
2. The method of claim 1, wherein the cells deficient in XBP-1 are in a non-human XBP-1 deficient animal and the cells are contacted with the test compound by administering the test compound to the non-human XBP-1 deficient animal.
3. The method of claim 2, wherein the non-human XBP-1 deficient animal is a mouse.
4. The method of claim 1, wherein the cells deficient in XBP-1 are isolated from a non-human XBP-1 deficient animal, or embryo thereof, and the cells are contacted with the test compound by culturing the test compound with the isolated cells deficient in XBP-1.
5. The method of claim 1, wherein the compound stimulates hepatocyte growth or plasma cell differentiation or Th2 cytokine production
6. A method for modulating growth of hepatocytes or differentiation of plasma cells or T cell subset activity, comprising contacting hepatocytes or plasma cell precursors or T cells with a modulator of XBP-1 activity such that growth of the

hepatocytes or differentiation of plasma cells or Th2 cytokine production by the T cells is modulated.

7. The method of claim 6, wherein the modulator inhibits XBP-1 activity.

8. The method of claim 7, wherein the modulator is an antisense oligonucleotide.

9. The method of claim 7, wherein the modulator is an intracellular antibody.

10. The method of claim 6, wherein the modulator stimulates XBP-1 activity.

11. The method of claim 6, wherein the modulator is an expression vector encoding XBP-1.

12. The method of claim 6, wherein the hepatocytes or plasma cell precursors or T cells are contacted with the modulator by culturing the hepatocytes or plasma cell precursors or T cells *in vitro* with the modulator.

13. The method of claim 12, wherein the hepatocytes or plasma cell precursors or T cells are contacted with a modulator that stimulates XBP-1 activity such growth of the hepatocytes or differentiation of the plasma cell precursors into plasma cells or Th2 cytokine production by the T cells is stimulated, the method further comprising administering the hepatocytes or plasma cells or T cells to a subject after stimulation *in vitro*.